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VILLAGE OF MORSE, LOUISIANA

FINANCIAL REPORT

June 30, 2000

Under provisions of state law this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Station House Office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 3-8-04

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### INDEPENDENT AUDITOR'S REPORT

To: Leon Clément, Mayor  
and Board of Aldermen  
Village of Mera, Louisiana

We have audited the accompanying general purpose financial statements of the Village of Mera, Louisiana, as of and for the year ended June 30, 2002, as listed in the table of contents. These general purpose financial statements are the responsibility of the Village of Mera's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the accounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis of our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Village of Mera, Louisiana, as of June 30, 2002, and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The 2002 financial statements were compiled by us, and our report thereon, dated October 26, 2002, states we were not aware of any material modifications that should be made to those statements for them to be in conformity with generally accepted accounting principles. However, a compilation is substantially less in scope than an audit and does not provide a basis for the expression of a opinion on the financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued our report dated January 21, 2004, on our consideration of the Village of Mera's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

To Louis Chassant, Mayor  
and Board of Aldermen  
Village of Moore, Louisiana

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Village of Moore, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the general purpose financial statements taken as a whole.

*Bourgeois, Patti, Lewis & Breaux, L.L.P.*

Crowley, Louisiana  
January 11, 2006

## GENERAL PURPOSE FINANCIAL STATEMENTS

(Condensed Balance Sheet - Overview)

VILLAGE OF MORSE, LOUISIANA

COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUP

June 30, 2001

With Comparative Totals for June 30, 2000

	Governmental Fund Types		
	General Fund	Special Revenue Fund	Capital Project Fund
<b>ASSETS</b>			
Cash and cash equivalents	\$ 6,824	\$ 7,863	\$ 4
Other receivables	-	-	-
Due from other funds	4,028	4,317	-
Due from other governmental entities	-	-	-
Restricted assets:			
Cash and cash equivalents	-	-	-
Flood assets (net of accumulated depreciation)	-	-	-
<b>Total assets</b>	<b>\$ 10,852</b>	<b>\$ 12,180</b>	<b>\$ 4</b>
<b>LIABILITIES AND FUND EQUITY</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 3,938	\$ 2,339	\$ -
Accrued expenses	536	-	-
Due to other funds	7,286	-	-
Payable from restricted assets:			
Revenue bonds payable - current portion	-	-	-
Accrued interest payable	-	-	-
Revenue bonds payable - long-term, portion	-	-	-
<b>Total liabilities</b>	<b>\$ 11,760</b>	<b>\$ 2,339</b>	<b>\$ -</b>
<b>FUND EQUITY</b>			
Investment in general fixed assets	\$ -	\$ -	\$ -
Contributed capital	-	-	-
Retained earnings (deficit):			
Reserved for revenue bond retirement	-	-	-
Unreserved	-	-	-
Fund balances:			
Unreserved - undesignated	142	8,972	4
<b>Total fund equity</b>	<b>\$ 142</b>	<b>\$ 8,972</b>	<b>\$ 4</b>
<b>Total liabilities and fund equity</b>	<b>\$ 11,902</b>	<b>\$ 11,311</b>	<b>\$ 4</b>

See Notes to Financial Statements.

Exhibit A

Proprietary Fund Types	Account Group	Totals	
		(Millions of Dollars)	
		2000	1999
Enterprise Funds	General Fund Assets		
\$ 28,040	\$ -	\$ 42,940	\$ 37,430
-	-	-	5,887
3,118	-	10,289	8,745
-	-	-	1,777
51,164	-	53,164	53,840
<u>1,332,478</u>	<u>411,830</u>	<u>1,744,828</u>	<u>1,356,688</u>
<u>\$ 1,404,021</u>	<u>\$ 411,830</u>	<u>\$ 1,849,905</u>	<u>\$ 1,440,343</u>
\$ -	\$ -	\$ 3,148	\$ 13,324
405	-	951	658
4,829	-	11,283	8,783
27,431	-	27,431	27,431
5,879	-	5,879	5,879
<u>47,835</u>	<u>-</u>	<u>45,624</u>	<u>43,675</u>
<u>\$ 105,544</u>	<u>\$ -</u>	<u>\$ 118,486</u>	<u>\$ 145,771</u>
\$ -	\$ 411,830	\$ 411,830	\$ 448,966
1,417,197	-	1,417,197	1,417,197
17,874	-	17,874	22,399
(324,392)	-	(324,392)	(315,641)
-	-	8,187	8,832
<u>\$ 1,110,479</u>	<u>\$ 411,830</u>	<u>\$ 1,731,496</u>	<u>\$ 1,588,178</u>
<u>\$ 1,414,021</u>	<u>\$ 411,830</u>	<u>\$ 1,849,905</u>	<u>\$ 1,440,343</u>



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## VILLAGE OF MORSE, LOUISIANA

 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES  
 Year Ended June 30, 2000

With Comparative Totals for Year Ended June 30, 1999

	General Fund	Special Revenue Fund	Capital Project Fund	Totals (Memorandum Only)	
				2000	1999
<b>Revenues:</b>					
Taxes	\$ 10,650	\$ 24,524	\$ -	\$ 35,174	\$ 68,240
Licenses and permits	28,179	-	-	28,179	19,849
Intergovernmental	11,066	-	170,158	181,224	61,553
Fees and forfeitures	1,748	-	-	1,748	1,000
Miscellaneous	4,724	-	-	4,724	3,622
<b>Total revenues</b>	<b>\$ 54,367</b>	<b>\$ 24,524</b>	<b>\$ 170,158</b>	<b>\$ 349,049</b>	<b>\$ 154,264</b>
<b>Expenditures:</b>					
Current:					
General government	\$ 29,862	\$ -	\$ -	\$ 29,862	\$ 11,282
Public safety	2,963	-	-	2,963	2,038
Public works	4,187	11,024	-	15,211	28,328
Miscellaneous	-	42	-	42	498
Capital outlay	582	11,185	171,290	182,957	28,811
<b>Total expenditures</b>	<b>\$ 37,694</b>	<b>\$ 22,351</b>	<b>\$ 171,290</b>	<b>\$ 331,335</b>	<b>\$ 170,959</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>\$ 16,673</b>	<b>\$ 2,173</b>	<b>\$ -</b>	<b>\$ 18,846</b>	<b>\$ 23,305</b>
<b>Other financing sources (uses):</b>					
Operating transfers in	\$ 1,800	\$ 8,800	\$ -	\$ 10,600	\$ 8,324
Operating transfers out	-	(3,800)	-	(3,800)	(8,594)
<b>Total other financing sources (uses)</b>	<b>\$ 1,800</b>	<b>\$ 5,000</b>	<b>\$ -</b>	<b>\$ 6,800</b>	<b>\$ -</b>
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses</b>	<b>\$ 18,473</b>	<b>\$ 7,173</b>	<b>\$ -</b>	<b>\$ 25,646</b>	<b>\$ 23,305</b>
<b>Fund balances, beginning</b>	<b>14,628</b>	<b>(1,985)</b>	<b>4</b>	<b>12,647</b>	<b>11,836</b>
<b>Fund balances, ending</b>	<b>\$ 33,096</b>	<b>\$ 5,188</b>	<b>\$ 4</b>	<b>\$ 38,288</b>	<b>\$ 35,141</b>

See Notes to Financial Statements.

VILLAGE OF MORSE, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET (GRAP BASIS) AND ACTUAL -  
GENERAL AND SPECIAL REVENUE FUND TYPES  
Year Ended June 30, 2003

	General Fund		Variance- Favorable (Unfavorable)
	Budget	Actual	
<b>Revenues:</b>			
Taxes	\$ 34,000	\$ 37,853	\$ 3,853
Licenses and permits	13,000	30,775	17,775
Intergovernmental	4,500	11,866	7,366
Fees and forfeitures	3,500	1,743	(1,756)
Miscellaneous	4,500	8,754	4,254
<b>Total revenues</b>	<b>\$ 61,500</b>	<b>\$ 79,788</b>	<b>\$ 18,288</b>
<b>Expenditures:</b>			
Current:			
General government	\$ 49,000	\$ 78,062	\$ (29,062)
Public safety	800	2,543	(2,143)
Public works	-	4,107	(4,107)
Miscellaneous	-	-	-
Capital outlay	2,800	692	2,108
<b>Total expenditures</b>	<b>\$ 51,600</b>	<b>\$ 84,822</b>	<b>\$ (33,222)</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>\$ (19,000)</b>	<b>\$ (12,033)</b>	<b>\$ (6,967)</b>
<b>Other financing sources (uses):</b>			
Operating transfers in	\$ 18,000	\$ 3,580	\$ (14,420)
Operating transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<b>\$ 18,000</b>	<b>\$ 3,580</b>	<b>\$ (14,420)</b>
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses</b>	<b>\$ -</b>	<b>\$ (8,313)</b>	<b>\$ (8,313)</b>
<b>Fund balances, beginning</b>	<b>14,000</b>	<b>8,678</b>	<b>(5,321)</b>
<b>Fund balances, ending</b>	<b>\$ 14,000</b>	<b>\$ -</b>	<b>\$ (14,000)</b>

See Notes to Financial Statements.

Exhibit C

Special Revenue Fund		
Budget	Actual	Variance- Favorable (Unfavorable)
\$ 24,000	\$ 24,524	\$ 9,314
"	"	"
"	"	"
"	"	"
<u>"</u>	<u>"</u>	<u>"</u>
\$ 24,000	\$ 24,524	\$ 9,314
\$ -	\$ -	\$ -
"	"	"
"	15,034	(15,154)
"	43	(43)
<u>15,000</u>	<u>15,077</u>	<u>1,891</u>
\$ 15,000	\$ 20,262	\$ (1,262)
\$ 10,000	\$ 6,219	\$ (1,781)
\$ -	\$ 8,300	\$ 8,300
<u>(10,000)</u>	<u>(1,500)</u>	<u>6,500</u>
\$ (10,000)	\$ 4,800	\$ 14,800
\$ -	\$ 11,000	\$ 11,000
<u>7,500</u>	<u>(1,500)</u>	<u>(5,000)</u>
\$ 7,500	\$ 9,500	\$ 1,011

VILLAGE OF MORSE, LOUISIANA

COMBINED STATEMENTS OF REVENUES, EXPENSES, AND CHARGES  
IN RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES

Years Ended June 30, 2001 and 2002

	2001	(Revised) 2002
Operating revenues:		
Charges for services	\$ 107,787	\$ 105,975
Miscellaneous	184	-
Total operating revenues	\$ 107,971	\$ 105,975
Operating expenses:		
Salaries and wages	\$ 28,361	\$ 28,072
Payroll taxes	1,498	1,551
Fleet supplies	3,510	3,788
Office expenses	1,781	1,497
Depreciation	48,695	48,181
Utilities	12,156	12,186
Repairs and maintenance	8,588	18,518
Chemicals and testing	5,796	5,727
Miscellaneous	4,354	3,402
Capital outlay	1,622	886
Total operating expenses	\$ 136,051	\$ 139,511
Operating loss	\$ (1,180)	\$ (3,537)
Non-operating revenues (expenses):		
Investment income	\$ 851	\$ 1,805
Interest expense	(1,627)	(9,867)
Total non-operating revenues (expenses)	\$ (1,677)	\$ (8,062)
Loss before operating transfer	\$ (3,167)	\$ (11,599)
Operating transfer in (out):		
Operating transfers in	\$ 1,280	\$ 1,188
Operating transfers out	(9,282)	(1,188)
Total operating transfer in (out):	\$ (8,002)	\$ -
Net loss	\$ (11,462)	\$ (12,787)
Retained earnings (deficit), beginning	(295,355)	(283,877)
Retained earnings (deficit), ending	\$ (306,817)	\$ (296,664)

See Notes to Financial Statements.

Table B

## VILLAGE OF MORRIS, LOUISIANA

COMBINED STATEMENTS OF CASH FLOWS -  
ALL PROPRIETARY FUND TYPES  
Years Ended June 30, 2005 and 2003

	2005	(Unaudited) 2003
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating loss	\$ (180)	\$ (1,537)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	45,691	45,191
Change in assets and liabilities:		
Increase (decrease) in other payables	(11)	86
Net cash provided (used) by operating activities	\$ 45,499	\$ 44,740
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Operating transfers from other funds	\$ 1,360	\$ 1,360
Operating transfers to other funds	(2,565)	(1,360)
Net cash provided (used) by noncapital financing activities	\$ (1,205)	\$ -
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Refinement of bonds	\$ (28,696)	\$ (28,566)
Interest paid on bonds	(5,825)	(6,887)
Purchase of capital assets	(15,289)	-
Net cash provided (used) by capital and related financing activities	\$ (49,710)	\$ (35,453)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on cash and investments	\$ 851	\$ 1,082
Net increase in cash and cash equivalents	\$ (1,665)	\$ 18,284
Cash and cash equivalents, beginning	81,896	63,612
Cash and cash equivalents, ending	\$ 80,231	\$ 81,896

See Notes to Financial Statements.

VILLAGE OF MORRIS, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS

**Note 1. Summary of Significant Accounting Policies**

The Village of Morris, Louisiana, (the Village) was incorporated in 1906, under the provisions of the Louisiana Act. The Village operates under a Mayor - Board of Aldermen form of government and provides the following services as authorized by its charter: public safety (police), highways and streets, sanitation, health, recreation, public improvements, planning and zoning, and general administrative services.

The general purpose financial statements of the Village have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accounting policies of the Village conform to generally accepted accounting principles as applicable to governmental entities. The more significant accounting policies of the Village are described below:

**Basis of presentation - fund accounting**

The Village uses funds and account groups to report on its financial position and the results of its operations. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts that comprise its assets, liabilities, resources, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the restrictions, if any, on the spending activities. The various funds are summarized by type and grouped in the financial statements of this report as follows:

**Governmental Funds**

Governmental funds are used to account for all or most of the governmental entity's general activities, including the collection and disbursement of specific or legally restricted revenues, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. Governmental funds include:

**General Fund**

The general fund is the general operating fund of the Village and accounts for all financial resources except those required to be accounted for in another fund. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and capital improvement costs that are not paid through other funds are paid from the general fund.

**Special Revenue Fund**

The special revenue fund is used to account for the proceeds of specific revenue sources (other than special assessments or major capital projects) that are legally restricted to expenditures for specified purposes.

**Capital Project Fund**

The capital project fund is used to account for financial resources received and used for the acquisition, construction, or improvement of major capital facilities other than those financed by proprietary or nonexpendable trust funds.

VILLAGE OF MORRIS, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS

**Proprietary Funds**

Proprietary funds are reported in accordance with GASB Statement No. 26, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*. This standard requires that all applicable GASB pronouncements, Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB's) issued on or before November 30, 1989, be applied to proprietary activities unless they (FASB Statements and Interpretations, APB Opinions, and ARB's) conflict with or contradict GASB pronouncements.

GASB Statement No. 26 also states that for proprietary activities, management may elect to apply all FASB Statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements. Proprietary activities under the control of the Village have elected not to apply FASB Statements and Interpretations issued after November 30, 1989, unless they are adopted by GASB.

**Enterprise Funds**

The enterprise funds are used to account for operations (1) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (2) where the governing body has decided that the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**Account Group**

An account group is reporting devices used to account for certain assets of governmental funds not recorded directly in those funds. The accounting and reporting treatment applied to the fixed assets associated with a fund is determined by its measurement form. The account group is not "fund." It is concerned only with the measurement of financial position. It is not involved with measurement of results of operations.

**General Fixed Assets Account Group:**

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in the governmental funds. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, sewers and sidewalks, drainage systems, and lighting systems, are not capitalized with general fixed assets as these assets are inseparable and of value only to the Village. In accordance with generally accepted accounting principles, no provision is made for depreciation of such assets in the General Fixed Assets Account Group.

All fixed assets are stated on the basis of historical cost. Assets acquired through gifts or donations are recorded at their estimated fair value at the time of donation.



## VILLAGE OF MORSE, LOUISIANA

### NOTES TO FINANCIAL STATEMENTS

Depreciation of all exhaustible fixed assets used by the proprietary fund types is charged as an expense against its operations. Accumulated depreciation is reported on the proprietary fund type balance sheet. Depreciation has been provided over the assets' estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Plant facilities	18-30 Years
Lines	30 Years
Equipment	10-12 Years

The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend the asset's life are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

#### Basis of accounting - measurement focus

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements; measurement focus refers to what is being measured. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The governmental funds use a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Their reported fund balance (net current assets) is considered a measure of "available spending resources." Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing used) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spending resources" during a period. The modified accrual basis of accounting is utilized by the governmental fund types. Their revenues are recognized when susceptible to accrual, i.e., when they become measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Taxpayer-assessed income, gross receipts, and sales taxes are considered "measurable" when in the hands of intermediary collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are susceptible and their validity seems certain. Expenditure-driven grant revenues are recorded when the qualifying expenditures have been incurred and all other grant requirements have been met. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, if measurable. Exceptions to this general rule include: (1) accumulated unpaid vacation, sick pay, and other employee amounts which are not accrued because they do not vest or accumulate; and (2) principal and interest on general long-term debt which is recognized when due.

The proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of the fund are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The accrual basis of accounting is utilized by the proprietary fund types. Under this basis of accounting revenues are recognized when earned and expenses are recognized when the related liability is incurred.

VILLAGE OF MORSE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

**Budgets and budgetary accounting:**

The Village follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Mayor submits to the Board of Aldermen a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. The budget is then legally enacted through passage of a resolution.
3. An amendment involving the transfer of monies from one department to another or from one program or function to another or any other increase in expenditures exceeding amounts estimated must be approved by the Board of Aldermen.
4. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
5. The budget is employed as a management control device during the year that guides its users in financial activity analysis.

All budget appropriations lapse at year-end. The budget presented is as amended by the Board of Aldermen. Expenditures may not legally exceed budgeted appropriations by more than 5% at the fund level.

For the year ended June 30, 2003, the Village's actual expenditures exceeded budgeted expenditures by more than 5% in the General Fund. Louisiana Revised Statutes (LSA-RS) 39:1308 requires that a budget be amended if actual expenditures exceed budgeted expenditures by 5% or more.

**Encumbrances:**

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is not utilized by the Village.

**Comparative data:**

Comparative totals for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Village's financial position and operations. However, comparative data (i.e., the presentation of prior year totals by fund type) have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

**Total columns in combined statements:**

Total columns presented in the combined statements are captioned "Miscellaneous Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in aggregation of this data.

VILLAGE OF MERSE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

**Use of estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

**Cash and cash equivalents:**

For reporting purposes, the Village considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

**Short-term (interfund) receivables and payables:**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

**Fund equity:**

Reservations of fund equity represent amounts that are not appropriated or legally segregated for a specific purpose. The purpose for each reservation of fund equity is indicated by the amount title on the face of the balance sheet. Designated fund equity represents tentative plans for the future use of financial resources. Contributed capital is recorded in the proprietary funds that have received capital grants or contributions from customers or other funds.

**Transactions between funds:**

Grant-rental transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as a reduction of expenditures/expenses in the fund that is reimbursed. Legally authorized transfers are treated as operating transfers and are included in the results of operations.

**Restricted assets:**

Certain resources set aside for the payment of the Village's revenue bonds are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. (See Note 7 for a description of the required bank accounts and their respective balances at June 30, 2003.)

**Note 2. Property Taxes:**

Property taxes attach to an enforceable lien on property as of January 1. Taxes are levied in October and are due by December 31. The Village bills and collects its own property taxes. Property tax revenues are recognized when levied to the extent that they result in current receivables. The Village currently levies a taxes at seven (\$7.00) mills per dollar of assessed valuation of property for general corporate purposes.

VILLAGE OF MORRIS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

Note 3. Cash and Cash Equivalents

For reporting purposes, cash and cash equivalents include demand deposits, interest-bearing demand deposits, and time deposits. Under state law, the Village may invest in United States bonds, treasury notes or certificates, or time certificates of deposit of state banks having their principal office in the State of Louisiana, or any other federally insured investment. The Village may also invest in shares of any homestead and building and loan association in any amount not exceeding the federally insured amount. At year-end, the carrying amount of the Village's cash and cash equivalents totaled \$94,114 and the bank balances totaled \$79,734. Bank deposits at June 30, 2003, were fully insured by Federal Deposit Insurance Corporation (FDIC) coverage.

Note 4. Interfund Receivables and Payables

Interfund balances at June 30, 2003, consisted of the following individual fund receivables and payables:

Fund	Interfund Receivables	Interfund Payables
General Fund	\$ 4,029	\$ 7,234
Special Revenue Fund:		
Sales Tax Fund	4,115	-
Enterprise Funds:		
Water Utility Fund	3,119	-
Sewer Utility Fund	-	4,029
Total interfund balances	<u>\$ 11,263</u>	<u>\$ 11,263</u>

Note 5. Changes in General Fixed Assets

A summary of changes in general fixed assets follows:

	Balance June 30, 2002	Additions	Deletions	Balance June 30, 2003
Land	\$ 58,051	\$ 4,300	\$ -	\$ 62,351
Buildings	42,871	-	-	42,871
Equipment	39,692	13,169	-	52,861
Improvements other than buildings	11,002	124,383	-	135,385
Total general fixed assets	<u>\$ 149,596</u>	<u>\$ 142,352</u>	<u>\$ -</u>	<u>\$ 291,948</u>

# VILLAGE OF MORSE, LOUISIANA

## NOTES TO FINANCIAL STATEMENTS

### Note 5. Proprietary Fund Type Property, Plant, and Equipment

A summary of proprietary fund type property, plant, and equipment at June 30, 2003, follows:

	Water Utility Fund	Sewer Utility Fund	Total
Land	\$ 13,000	\$ 46,150	\$ 59,150
Water wells	65,881	-	65,881
Water tanks	221,279	-	221,279
Sewer treatment facility	-	446,040	446,040
Distribution system	481,048	796,153	1,277,201
Other equipment	16,164	14,217	30,381
Total property, plant and equipment	\$ 803,800	\$ 1,328,664	\$ 2,132,464
Less: accumulated depreciation	(149,246)	(142,458)	(291,704)
Net property, plant, and equipment	\$ 654,554	\$ 1,186,206	\$ 1,840,760

### Note 5. Proprietary Fund Type Long-Term Debt

The summary of proprietary fund type long-term debt for the year ended June 30, 2003, follows:

	Revenue Bonds Payable
Beginning balance	\$ 116,847
Refinements of bonds	(21,628)
Ending balance	\$ 95,219

Bonds payable at June 30, 2003, consist of the following:

\$70,000 Sewer Utility Revenue Bonds issued November 17, 1981,  
due in annual installments of \$21,431 through November 17, 2006;  
at an interest rate of 5%. The debt will be retired from assets earned  
sewer usage fee revenues.

**\$95,219**

The annual requirements to amortize all debt outstanding as of June 30, 2003, including interest payments of \$12,638 are as follows:

Years Ending June 30,	Principal	Interest	Total
2004	\$ 21,468	\$ 4,760	\$ 26,228
2005	21,802	5,029	26,831
2006	24,993	2,418	27,411
2007	23,777	1,188	24,965
Total	\$ 92,040	\$ 13,405	\$ 105,445

**VILLAGE OF HORSE, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**

Under the terms of various bond indentures on outstanding Sewer Utility Revenue Bonds, all income and revenues (hereinafter referred to as revenues) of every nature, earned or derived from the operation of the utility system is pledged and dedicated to the retirement of said bonds and are to be deposited in accounts as indicated below:

All revenue must be deposited into a Revenue Account. The Revenue Account must transfer from time to time amounts into the Maintenance and Operation Accounts that are sufficient to pay the cost of maintaining and operating the utility system.

After transferring the required amounts into the Maintenance and Operation Accounts, the Revenue Account must transfer monthly to the Bond and Interest Sinking Account an amount equal to 1/12 of the interest and 1/12 of the principal falling due on their next respective payment date. Money so accumulated is to pay for currently maturing principal and interest.

After the above requirements are met, the Revenue Account must transfer monthly on or before the 20<sup>th</sup> day of each month of each year as long as the system is revenue producing, a sum equal to 3% of the monthly payment of the Sewer Utility Revenue Bonds into the Bond Reserve Account. The payments are to continue until such time as there has been accumulated therein a sum equal to the highest combined principal and interest requirements in any succeeding fiscal year on the outstanding principal of the bond.

After the required payments above have been met, the Revenue Account must transfer \$/11 into the Depreciation and Contingencies Account. The first monthly payment is to be made by the 20<sup>th</sup> day of the first full month following completion of the sewer system and by the 20<sup>th</sup> day of each month thereafter. The money in the Depreciation and Contingencies Account shall be used first to pay currently maturing principal and interest for which there is insufficient money in the revenue or bond reserve accounts and secondly for making replacements, improvements, or extensions to the system. Any deficiencies in the Depreciation and Contingencies Account shall be made up from money in the Revenue Account whenever such money is not needed for maintenance and operation or payment of current principal, interest, and revenue account requirements.

The required and actual balances of the above accounts at June 30, 2003, are as follows:

	<u>Required</u>	<u>Actual</u>	<u>Excess/ (Deficiency)</u>
Bond and Interest Sinking Account	\$ 14,801	\$ 17,141	\$ 1,340
Bond Reserve Account	21,775	18,816	(1,407)
Depreciation and Contingencies Account	21,268	14,082	(7,418)
<b>Totals</b>	<u>\$ 57,844</u>	<u>\$ 50,044</u>	<u>\$ (7,712)</u>

**Note 5. Deficit Fund Equity**

The Water and Sewer Utility Funds have deficit retained earnings balances at June 30, 2003, of \$168,296 and \$146,412, respectively. The Village plans to eliminate these deficits through future water and sewer usage fees, respectively.

VILLAGE OF MOORE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS

**Note 8. Dedication of Sales Tax Proceeds**

The proceeds of the 1% sales and use tax are accounted for in the Sales Tax Fund (special revenue fund) and are dedicated to the following purposes:

1. Constructing, acquiring, extending, improving, and/or maintaining drainage facilities, street and sidewalks.
2. Collection and disposal of refuse.
3. Purchasing and acquiring equipment and furnishings for the above-said public works.
4. Improvements and facilities, title to which improvements shall be in the public.
5. For any one or more of said purposes.

**Note 18. Required Information for Enterprise Funds**

The Village maintains two enterprise funds. Key financial information as of and for the year ended June 30, 2003, for these funds is as follows:

	Water Utility Fund	Sewer Utility Fund	Total
Operating revenues	\$ 43,723	\$ 64,368	\$ 108,091
Operating expenses including depreciation of \$18,956 for water and \$28,761 for sewer	<u>31,431</u>	<u>58,819</u>	<u>90,250</u>
Operating income (loss)	\$ 12,292	\$ 5,549	\$ 17,841
Non-operating revenues (expenses)	-	(4,972)	(4,972)
Operating transfers in	-	1,265	1,265
Operating transfers out	<u>(1,265)</u>	<u>(8,300)</u>	<u>(9,565)</u>
Net income (loss)	<u>\$ 11,027</u>	<u>\$ (2,468)</u>	<u>\$ 8,559</u>
Net working capital	<u>\$ 27,245</u>	<u>\$ 18,345</u>	<u>\$ 45,590</u>
Total assets	<u>\$ 221,908</u>	<u>\$ 194,118</u>	<u>\$ 416,026</u>
Total equity	<u>\$ 221,118</u>	<u>\$ 194,908</u>	<u>\$ 416,026</u>

**VILLAGE OF MORSE, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**

**Note 11. Compensated Absence**

The Village has no policy relating to compensated absences and only a few regular employees. The compensated absences are not material to the financial statements as a whole.

**Note 12. Interfund Transfers**

Interfund transfers for the year ended June 30, 2005, were as follows:

<u>Fund</u>	<u>Operating Transfers In</u>	<u>Operating Transfers Out</u>
General Fund	\$ 1,500	\$ -
Special Revenue Fund		
Sales Tax Fund	8,500	3,500
Enterprise Funds		
Water Utility Fund	-	1,280
Sewer Utility Fund	<u>1,452</u>	<u>8,500</u>
Total interfund transfers	<u>\$ 11,952</u>	<u>\$ 13,280</u>

**Note 13. New Reporting Standard**

In June 1999, the GAOB issued Statement No. 34 *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. This standard established new financial reporting requirements for state and local governments throughout the United States. When implemented, it will require new information and structure much of the information that governments have presented in the past. Compatibility with reports issued in all prior years will be effected. The Village is required to implement this standard for the fiscal year end June 30, 2004. The Village has not yet determined the full impact that adoption of GAOB Statement No. 34 will have on the financial statements.

**Note 14. Federal and State Grants**

The Village participates in a number of federal and state grant programs that are fully or partially funded by grants received from other governmental entities. The grant programs are subject to audits by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement, which may arise as a result of these audits, is not believed to be material on any of the individual funds or the overall financial position of the Village.

The Village received \$3,187 from the Federal Emergency Management Agency (FEMA) and \$1,215 from the Louisiana Commission on Law Enforcement and Administration of Criminal Justice for fiscal year ending June 30, 2001.



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#### **GENERAL FUND**

To account for all resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in another fund.

Exhibit E-1

VILLAGE OF MORSE, LOUISIANA  
GENERAL FUND

BALANCE SHEET  
June 30, 2003

ASSETS

Cash and cash equivalents	\$ 4,904
Due from other funds	<u>4,028</u>
Total assets	<u>\$ 8,932</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 1,918
Accrued expenses	574
Due to other funds	<u>7,258</u>
Total liabilities	\$ 9,750

FUND BALANCE

Unreserved - undesignated	<u>141</u>
Total liabilities and fund balance	<u>\$ 9,891</u>

VILLAGE OF MORSE, LOUISIANA  
GENERAL FUND

Exhibit F-2

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL  
Year Ended June 30, 2003

	Budget	Actual	Variance - Favorable (Unfavorable)
<b>Revenues:</b>			
Taxes:			
Dwelling	\$ 28,000	\$ 28,171	\$ 171
Ad valorem	1,000	1,852	852
<b>Total taxes</b>	<b>\$ 29,000</b>	<b>\$ 29,023</b>	<b>\$ 23</b>
Licenses and permits	\$ 11,000	\$ 28,173	\$ 17,173
Intergovernmental:			
Rent tax revenue	\$ 1,000	\$ 1,854	\$ (146)
Value-added tax revenue	1,000	1,718	118
Grant revenue	-	8,302	8,302
<b>Total intergovernmental</b>	<b>\$ 2,000</b>	<b>\$ 11,064</b>	<b>\$ 9,064</b>
Fees and forfeitures	\$ 1,200	\$ 1,798	\$ (1,798)
Miscellaneous:			
Oil lease royalties	\$ 1,500	\$ 1,393	\$ 413
Other	1,400	841	1,559
<b>Total miscellaneous</b>	<b>\$ 2,900</b>	<b>\$ 2,234</b>	<b>\$ (666)</b>
<b>Total revenues</b>	<b>\$ 45,000</b>	<b>\$ 79,788</b>	<b>\$ 34,788</b>
<b>Expenditures:</b>			
Current:			
General government	\$ 68,100	\$ 79,861	\$ (9,761)
Public safety	800	1,861	(2,061)
Public works	-	4,387	(4,387)
Capital outlay	2,000	892	1,108
<b>Total expenditures</b>	<b>\$ 71,000</b>	<b>\$ 86,811</b>	<b>\$ (15,811)</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>\$ (26,000)</b>	<b>\$ (6,023)</b>	<b>\$ (20,015)</b>
<b>Other financing sources:</b>			
Operating transfers in	10,000	1,500	8,500
<b>Excess (deficiency) of revenues and other financing sources over expenditures</b>	<b>\$ -</b>	<b>\$ (4,523)</b>	<b>\$ (4,523)</b>
Fund balance, beginning	14,000	6,878	11,291
Fund balance, ending	\$ 14,000	\$ 143	\$ (13,857)

VILLAGE OF MORSE, LOUISIANA  
GENERAL FUND

STATEMENT OF EXPENDITURES, COMPARED TO BUDGET (GAAP BASIS)  
Year Ended June 30, 2000

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
<b>Current:</b>			
General government:			
Salaries and wages	\$ 26,280	\$ 27,973	\$ (1,693)
Payroll taxes	1,488	1,683	(1,195)
Office expenses	1,000	1,003	(333)
Utilities	4,000	4,174	1,826
Fees dues	-	1,489	(2,489)
Professional fees	11,000	14,341	(3,342)
Court reporting	1,800	256	764
Repairs and maintenance	7,000	1,694	1,506
Insurance	9,800	15,877	(6,077)
Dues and memberships	1,800	830	980
Preparation of tax roll	-	100	(100)
Publications	1,000	1,399	(399)
Miscellaneous	<u>1,000</u>	<u>407</u>	<u>603</u>
Total general government	\$ 65,300	\$ 79,062	\$ (13,762)
Public safety:			
Police department:			
Repairs and maintenance	808	2,962	(2,154)
Public works:			
Streets and drainage:			
Fuel	-	4,187	(4,187)
Capital outlay	<u>1,000</u>	<u>682</u>	<u>1,308</u>
Total expenditures	\$ <u>71,000</u>	\$ <u>86,923</u>	\$ <u>(14,923)</u>

#### **SPECIAL REVENUE FUND**

To account for specific revenues that are legally restricted to expenditures for specific purposes. The Village has one special revenue fund as follows:

**SALES TAX FUND** -- to account for the collection and disbursement of the Village's one percent (1%) sales and use tax.

VILLAGE OF MORSE, LOUISIANA  
SPECIAL REVENUE FUND  
SALES TAX FUND

## BALANCE SHEET

June 30, 2000

## ASSETS

Cash and cash equivalents	\$ 1,063
Due from other funds	<u>4,127</u>
Total assets	<u>\$ 11,295</u>

## LIABILITIES AND FUND BALANCE

LIABILITIES	
Accounts payable	\$ 3,230
FUND BALANCE	
Unreserved - undesignated	<u>8,065</u>
Total liabilities and fund balance	<u>\$ 11,295</u>

VILLAGE OF MORSE, LOUISIANA  
SPECIAL REVENUE FUND  
SALES TAX FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - GAAP BASIS AND ACTUAL  
Year Ended June 30, 2003

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Taxes	\$ 31,000	\$ 34,324	\$ 3,324
<b>Expenditures:</b>			
Current:			
Public works	\$ -	\$ 15,134	\$ (15,134)
Miscellaneous	-	43	(43)
Capital outlay	<u>11,000</u>	<u>11,000</u>	<u>1,000</u>
Total expenditures	\$ 11,000	\$ 26,177	\$ (15,177)
Excess (deficiency) of revenues over expenditures	\$ 20,000	\$ 8,147	\$ (3,711)
<b>Other financing sources (uses):</b>			
Operating transfers in	\$ -	\$ 8,000	\$ 8,000
Operating transfers out	<u>(10,000)</u>	<u>(2,000)</u>	<u>8,000</u>
Total other financing sources (uses)	\$ (10,000)	\$ 6,000	\$ 14,000
Excess of revenues over expenditures and other financing sources	\$ -	\$ 14,147	\$ 14,147
Fund balance, beginning	<u>1,150</u>	<u>(2,000)</u>	<u>(9,000)</u>
Fund balance, ending	\$ 1,150	\$ 8,075	\$ 1,071



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#### **CAPITAL PROJECT FUND**

To account for the acquisition or construction of major capital facilities (other than those financed by proprietary fund types).  
The Village has one capital project fund as follows:

**WALKING PARK FUND** -- is assigned for the collection and disbursement of Louisiana Department of Transportation and Development (DOTD) grant funds used for the construction of a walking park.

Exhibit 11-1

VILLAGE OF MORRIS, LOUISIANA  
CAPITAL PROJECT FUND  
WALKING PARK FUND

BALANCE SHEET  
June 30, 2003

ASSETS

Cash and cash equivalents

\$ 4

FUND BALANCE

FUND BALANCE

Unreserved - undesignated

\$ 4

VILLAGE OF MORSE, LOUISIANA  
CAPITAL PROJECT FUND  
WALKING PARK FUND

STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
Year Ended June 30, 2005

<b>Revenues:</b>		
Intergovernmental	1	171,158
<b>Expenditures:</b>		
Capital outlay		<u>171,158</u>
Excess of revenues over expenditures	2	-
Fund balance, beginning		<u>4</u>
Fund balance, ending	3	<u>4</u>

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#### ENTERPRISE FUNDS

To account for operations (1) that are financed and operated in a manner similar to private business enterprises -- where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Village has two enterprise funds as follows:

**WATER UTILITY FUND** -- to account for the provision of water services to the residents of the Village. All activities necessary to provide such services are accounted for in this fund including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

**SEWER UTILITY FUND** -- to account for the provision of sewer services to the residents of the Village. All activities necessary to provide such services are accounted for in this fund including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

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VILLAGE OF MORRIS, LOUISIANA  
ALL ENTERPRISE FUNDS

COMBINING BALANCE SHEET  
June 30, 2003

ASSETS	Water Utility Fund	Sewer Utility Fund	Total
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 34,211	\$ 4,349	\$ 38,561
Due from other funds	<u>5,139</u>	<u>-</u>	<u>5,139</u>
Total current assets	\$ 39,351	\$ 4,349	\$ 43,700
<b>RESTRICTED ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 31,364	\$ 31,364
<b>PROPERTY, PLANT, AND EQUIPMENT</b>			
Property, plant, and equipment	\$ 809,808	\$ 1,338,364	\$ 2,148,172
Accumulated depreciation	<u>(308,138)</u>	<u>(483,438)</u>	<u>(791,576)</u>
Total property, plant, and equipment	\$ 491,670	\$ 854,926	\$ 1,346,596
Total assets	\$ 531,021	\$ 894,139	\$ 1,425,160
<b>LIABILITIES AND FUND EQUITY</b>			
<b>CURRENT LIABILITIES (payable from current assets):</b>			
Accrued expenses	\$ 186	\$ 29	\$ 415
Due to other funds	<u>-</u>	<u>4,039</u>	<u>4,039</u>
Total current liabilities (payable from current assets)	\$ 186	\$ 4,068	\$ 4,254
<b>CURRENT LIABILITIES (payable from restricted assets):</b>			
Revenue bonds payable - current portion	\$ -	\$ 31,431	\$ 31,431
Accrued interest payable	<u>-</u>	<u>3,288</u>	<u>3,288</u>
Total current liabilities (payable from restricted assets)	\$ -	\$ 34,719	\$ 34,719
Total current liabilities	\$ 186	\$ 38,787	\$ 38,974
<b>LONG-TERM LIABILITIES:</b>			
Revenue bonds payable	<u>-</u>	<u>87,810</u>	<u>87,810</u>
Total liabilities	\$ 186	\$ 126,597	\$ 126,784
<b>FUND EQUITY:</b>			
Contributed capital	\$ 481,814	\$ 833,383	\$ 1,315,197
Retained earnings (deficit):			
Reserved for revenue bond retirement	-	17,874	17,874
Unreserved	<u>(160,290)</u>	<u>(164,294)</u>	<u>(324,584)</u>
Total fund equity	\$ 321,524	\$ 786,963	\$ 1,108,487
Total liabilities and fund equity	\$ 521,690	\$ 913,560	\$ 1,435,250



VILLAGE OF MORIS, LOUISIANA  
ALL ENTERPRISE FUNDS

COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
IN RETAINED EARNINGS - BUDGET (GAAP BASED) AND ACTUAL

Year Ended June 30, 2003

See Accountant's Compilation Report

	Water Utility Fund		
	Budget	Actual	Variance- Favorable (Unfavorable)
Operating revenues:			
Charges for services	\$ 41,500	\$ 43,723	\$ 2,223
Miscellaneous	-	-	-
Total operating revenues	\$ 41,500	\$ 43,723	\$ 2,223
Operating expenses:			
Salaries and wages	\$ 10,000	\$ 14,198	\$ (4,198)
Payroll taxes	800	901	(101)
Plant supplies	3,000	3,268	733
Office expenses	1,000	1,600	(600)
Depreciation	15,000	15,004	4
Utilities	3,500	4,559	(1,059)
Repairs and maintenance	1,500	981	519
Chemicals and testing	5,000	3,596	1,404
Professional fees	-	-	-
Miscellaneous	3,000	3,549	(549)
Capital outlay	-	700	(700)
Total operating expenses	\$ 47,100	\$ 51,412	\$ (4,312)
Operating income (loss)	\$ (5,600)	\$ (7,689)	\$ (2,089)
Non-operating revenues (expenses):			
Investment income	\$ 150	\$ -	\$ (150)
Interest expense	-	-	-
Total non-operating revenues (expenses)	\$ 150	\$ -	\$ (150)
Loss before operating transfers	\$ (5,450)	\$ (7,689)	\$ (2,189)
Operating transfers in (out):			
Operating transfers in	\$ -	\$ -	\$ -
Operating transfers out	(1,400)	(1,280)	120
Total operating transfers in (out)	\$ (1,400)	\$ (1,280)	\$ 120
Net income (loss)	\$ (6,850)	\$ (8,969)	\$ (2,119)
Retained earnings (deficit), beginning	-	(11,533)	(11,533)
Retained earnings (deficit), ending	\$ (6,850)	\$ (20,292)	\$ (13,442)

Exhibit 1-2

Sewer Utility Fund			Total		
Budget	Actual	Variance: Favorable (Unfavorable)	Budget	Actual	Variance: Favorable (Unfavorable)
\$ 60,000	\$ 64,364	\$ 4,364	\$ 181,500	\$ 187,797	\$ 6,297
-	184	184	-	184	184
<u>60,000</u>	<u>64,368</u>	<u>4,368</u>	<u>181,500</u>	<u>187,981</u>	<u>6,481</u>
\$ 6,000	\$ 6,365	\$ (365)	\$ 36,000	\$ 36,763	\$ (763)
800	219	581	1,700	1,495	204
1,000	1,232	(232)	4,000	3,320	680
100	85	15	1,100	1,781	(681)
10,000	28,701	(18,701)	40,000	40,695	(695)
8,000	7,997	3	11,500	12,358	(858)
5,000	7,483	(2,483)	10,000	8,588	1,412
1,500	2,208	(708)	5,500	5,798	(298)
1,000	-	1,000	1,000	-	1,000
400	713	(313)	3,700	4,264	(564)
-	322	(322)	-	3,022	(3,022)
<u>57,400</u>	<u>58,658</u>	<u>1,258</u>	<u>164,200</u>	<u>168,681</u>	<u>4,481</u>
\$ 2,600	\$ 3,589	\$ (989)	\$ (3,000)	\$ (178)	\$ (2,822)
\$ 1,000	\$ 853	\$ (147)	\$ 1,150	\$ 823	\$ (327)
<u>(3,000)</u>	<u>(3,822)</u>	<u>(822)</u>	<u>(3,000)</u>	<u>(3,822)</u>	<u>(822)</u>
<u>\$ (4,000)</u>	<u>\$ (4,871)</u>	<u>\$ (871)</u>	<u>\$ (3,850)</u>	<u>\$ (4,871)</u>	<u>\$ (1,021)</u>
\$ (1,000)	\$ 2,577	\$ (3,577)	\$ (6,000)	\$ (5,363)	\$ (637)
\$ 1,000	\$ 1,265	\$ (265)	\$ 1,000	\$ 1,265	\$ (265)
-	(8,200)	(8,200)	(1,000)	(9,265)	(8,265)
<u>\$ 1,000</u>	<u>\$ (7,935)</u>	<u>\$ (8,935)</u>	<u>\$ -</u>	<u>\$ (8,000)</u>	<u>\$ (8,000)</u>
\$ -	\$ (4,498)	\$ (4,498)	\$ (5,000)	\$ (3,482)	\$ (1,518)
-	(141,516)	(141,516)	-	(289,236)	(289,236)
<u>\$ -</u>	<u>\$ (146,014)</u>	<u>\$ (146,014)</u>	<u>\$ (5,000)</u>	<u>\$ (396,718)</u>	<u>\$ (396,718)</u>

VILLAGE OF MORSE, LOUISIANA  
 ALL ENTERPRISE FUNDS

 COMBINED STATEMENT OF CASH FLOWS  
 Year Ended June 30, 2005

	Water Utility Fund	Sewer Utility Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ (1,699)	\$ 3,328	\$ (180)
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Depreciation	36,994	29,761	66,755
Change in assets and liabilities:			
Increase (decrease) in other payables	75	(84)	(10)
Net cash provided (used) by operating activities	\$ 11,367	\$ 37,126	\$ 48,493
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Operating transfers from other funds	\$ -	\$ 1,263	\$ 1,263
Operating transfers to other funds	(1,263)	(6,380)	(7,643)
Net cash provided (used) by noncapital financing activities	\$ (1,263)	\$ (5,117)	\$ (6,380)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Retirement of bonds	\$ -	\$ (21,696)	\$ (21,696)
Interest paid on bonds	-	(9,823)	(9,823)
Purchase of capital assets	(1,861)	(14,217)	(16,078)
Net cash provided (used) by capital and related financing activities	\$ (1,861)	\$ (41,849)	\$ (43,711)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on cash and investments	\$ -	\$ 813	\$ 813
Net increase in cash and cash equivalents	\$ 9,309	\$ (10,704)	\$ (1,395)
Cash and cash equivalents, beginning	15,475	66,417	81,892
Cash and cash equivalents, ending	\$ 24,784	\$ 55,713	\$ 80,497

VILLAGE OF MORSE, LOUISIANA  
ENTERPRISE FUND  
SEWER UTILITY FUND

SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS - RESTRICTED ACCOUNTS  
REQUIRED BY REVENUE BOND ORDINANCE  
Year Ended June 30, 2003

	Sewer Utility Fund			
	Bond and Interest Sinking Account	Bond Reserve Account	Depreciation and Contingencies Account	Total
Cash and cash equivalents, beginning	\$ 15,974	\$ 18,152	\$ 20,538	\$ 54,664
Cash receipts:				
Transfers from operating account	\$ 27,608	\$ 1,348	\$ 1,380	\$ 30,336
Investment income received	-	489	449	938
Total cash receipts	\$ 27,608	\$ 1,737	\$ 1,829	\$ 31,174
Total cash available	\$ 44,582	\$ 19,890	\$ 22,367	\$ 86,839
Cash disbursements:				
Principal payments	\$ (21,688)	\$ -	\$ -	\$ (21,688)
Interest and fiscal charges	(1,827)	-	-	(1,827)
Transfers to Sales Tax Fund	-	-	(3,300)	(3,300)
Total cash disbursements	\$ (23,515)	\$ -	\$ (3,300)	\$ (26,815)
Cash and cash equivalents, ending	\$ 21,067	\$ 19,890	\$ 19,067	\$ 60,024

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#### GENERAL FIXED ASSETS ACCOUNT GROUP

To account for fixed assets used in governmental fund type operations.

VILLAGE OF MORRIS, LOUISIANA  
GENERAL FIXED ASSETS ACCOUNT GROUP

STATEMENT OF CHANGES IN GENERAL FIXED ASSETS

Year Ended June 30, 2001

See Accountant's Compilation Report

	Balance June 30, 2000	Additions	Deletions	Balance June 30, 2001
General fixed assets:				
Land	\$ 56,000	\$ 4,500	\$ -	\$ 60,500
Buildings	62,870	-	-	62,870
Equipment	59,692	13,169	-	72,861
Improvements other than buildings	11,682	224,243	-	235,925
Total general fixed assets	\$ 189,244	\$ 241,912	\$ -	\$ 431,156
Investment in general fixed assets	\$ 189,244	\$ 241,912	\$ -	\$ 431,156

## OTHER SUPPLEMENTARY INFORMATION



## VILLAGE OF MORSE, LOUISIANA

## SCHEDULE OF COMPENSATION PAID TO MAYOR/BOARD OF ALDERMEN

Year Ended June 30, 2003

See Accountant's Compilation Report

Leon Clement, Mayor	\$	480
Douglas Gray		480
Allen Haggrave		240
Raymond Lopez		240
Jacob Touchet		<u>240</u>
Total	\$	<u>1,680</u>

The schedule of compensation paid to the Mayor and Board of Aldermen is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. In accordance with Louisiana Revised Statute 33:1231, the Mayor and Board of Aldermen have elected the monthly payment method of compensation. Under this method, the Mayor and Board of Aldermen receive monthly compensation of \$40 per diem for each meeting of the Board of Aldermen.



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### REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To Leon Clement, Mayor  
and Board of Aldermen  
Village of Morn, Louisiana

We have audited the financial statements of the Village of Morn, Louisiana, as of and for the year ended June 30, 2003, and have issued our report thereon dated January 21, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### Compliance

As part of obtaining reasonable assurance about whether the Village of Morn, Louisiana's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance which is described in the accompanying schedule of findings and questioned costs as items 2003-1 and 2003-4 that is required to be reported under *Government Auditing Standards*.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Morn, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village of Morn, Louisiana's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 2003-1 and 2003-3.

To: Leon Clement, Mayor  
and Board of Aldermen  
Village of Moreau, Louisiana

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting, would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider Item 2003-1 to be a material weakness.

This report is intended solely for the information and use of the Mayor, Board of Aldermen, Village of Moreau's management, Louisiana Legislative Auditor, Federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bausano, Pinede, Lewis & Breaux, L.L.P.

Corydon, Louisiana  
January 21, 2004

## VILLAGE OF MORRIS, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2003

We have audited the financial statements of the Village of Morris, Louisiana, as of and for the year ended June 30, 2003, and have issued our report thereon dated January 11, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2003, resulted in an unqualified opinion.

## Section I. Summary of Auditor's Reports

## a. Report on Internal Control and Compliance Material to the Financial Statements

## Internal Control

Material Weaknesses ☒ Yes ☐ No Reportable Conditions ☒ Yes ☐ No

## Compliance

Compliance Material to Financial Statements ☒ Yes ☐ No

## b. Federal Awards

None

## c. Identification of Major Programs

Not applicable

## Section II. Financial Statement Findings

## 2003.1 - Internal Control: Segregation of Duties

**Finding and effect:** As in previous years, our review of the internal control structure indicated inadequate segregation of duties in all areas of the financial cycle. Therefore, internal control is weakened.

**Cause:** Inadequate segregation of duties is due to the limited number of personnel performing the administrative functions.

**Recommendation and response:** We recommended that the Village hire additional office personnel to provide adequate segregation. The Village of Morris, Louisiana's management has evaluated this inadequacy and concluded the related costs versus benefits to be achieved does not justify the additional personnel it would require to establish an adequate segregation.

Questioned Costs:

\$-0-

VILLAGE OF MORSE, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2003

2003.2 - Compliance: Budget Violation

**Finding and effect:** Actual expenditures exceeded budgeted expenditures by more than 2% in the General Fund. Louisiana Revised Statutes (LSA-RS) 39:1310 requires that a budget be amended if actual expenditures exceed budgeted expenditures by 2% or more. The Village did not amend the budget for fiscal year ending June 30, 2003.

**Cause:** The Village did not amend the budget in the General Fund for the fiscal year ending June 30, 2003.

**Recommendation and response:** We recommend, and management agrees, that the Village will monitor the budget and amend it as necessary.

Questioned costs:

\$-0-

2003.3 - Internal Control: Report Filing

**Finding and effect:** The financial report for the fiscal year ending June 30, 2003 was not filed with the Legislative Auditor's office within six months after the close of the fiscal year as required by law.

**Cause:** Information needed to accurately complete the financial report was not available in order to allow the timely completion of the report.

**Recommendation and response:** We recommend, and management agrees, that every effort will be made to assure that the information needed for the timely completion of the engagement is available.

Questioned costs:

\$-0-

2003.4 - Compliance: Reserve Requirements

**Finding:** While testing the reserve requirements we noted that the Sewer Bond Reserve and Sewer Depreciation and Contingencies Accounts were underfunded by \$1,403 and \$1,403, respectively.

**Cause:** A lack of available funds to meet the reserve requirements for the above accounts.

**Recommendation and response:** We recommend and management agrees that, as funds become available, appropriate transfers should be made to correct the underfunding.

Questioned costs:

\$-0-

Section III. Federal Award Findings and Questioned Costs

There were no matters noted relating to reportable conditions, material weaknesses, or instances of noncompliance, including questioned costs, related to Federal awards for the year ended June 30, 2003.

VILLAGE OF MONROE, LOUISIANA  
SCHEDULE OF PRIOR YEAR FINDINGS  
Year Ended June 30, 2000

**Section 1. Internal Control and Compliance Material to the Financial Statements**

**2000-1 - Internal Control: Segregation-of-Duties Compliance: Budget**

**Finding:** Our review of the internal control structure indicated inadequate segregation of duties in all areas of the financial cycle. Therefore, internal control is weakened.

**Recommendation and response:** We recommend that the Village hire additional office personnel to provide adequate segregation. The Village of Monroe, Louisiana's management has evaluated this inadequacy and concluded the related costs versus benefits to be achieved does not justify the additional personnel it would require to establish an adequate segregation.

**Current status:** The finding is included in the current year's schedule of findings and questioned costs as item 2001-1.

VILLAGE OF MORSE, LOUISIANA

MANAGEMENT'S CORRECTIVE ACTION PLAN  
For the Year Ended June 30, 2001

**Section I. Internal Control and Compliance Material to the Financial Statements**

2001-1 - Internal Control: Segregation of Duties

Management has ensured as much segregation as possible based on available resources. However, adequate segregation is not deemed to be feasible.

2001-2 - Compliance: Budget Violation

Management has ensured that the budget will be monitored closely and amended as necessary.

2001-3 - Internal Control: Report Filing

Management has ensured that every effort will be made to ensure that the information needed for the timely completion of the engagement is available.

2001-4 - Compliance: Reserve Requirements

Management has ensured that as funds become available, appropriate transfers will be made to correct the underfunding.

**Section II. Internal Control and Compliance Material to Federal Awards**

There were no matters reported relating to reportable conditions, material weaknesses, or instances of noncompliance, including questioned costs, related to federal awards for the year ended June 30, 2001.

**Section III. Management Letter**

There were no matters reported in a separate management letter for the year ended June 30, 2001.

Responsible Party: Leon Clement, Mayor